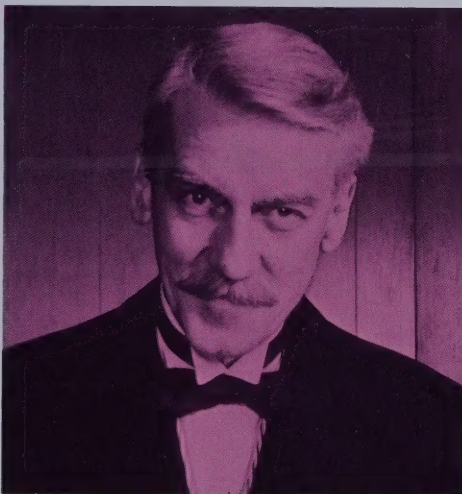
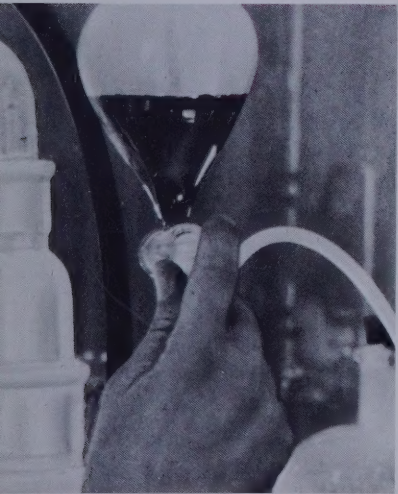


# THE NESTLE-LEMUR COMPANY

AR50

*Annual Report 1965*



**Beauty  
Preparations**

**Men's Toiletries**

**Pharmaceuticals**



# THE NESTLE-LEMUR COMPANY ANNUAL REPORT 1965

Executive and Sales Offices—902 Broadway, New York, N.Y. 10010

## Board of Directors

Murry C. Becker, *Chairman*  
Benjamin Abrams  
George L. Lindemann  
Joseph S. Lindemann  
Everett D. McCurdy  
I. Louis Naidech  
Daniel G. Ross

## Officers

Murry C. Becker . . . . . *Chairman of the Board*  
Joseph S. Lindemann . . . . . *President*  
I. Louis Naidech . . . . . *Executive Vice President & Treasurer*  
Lawrence Friedman . . . . . *Vice President—Sales*  
Jack Greisman . . . . . *Vice President—Production & Labor Relations*  
George L. Lindemann . . . . . *Vice President—Pharmaceuticals*  
L. S. Lindemann . . . . . *Vice President—International Trade*  
Stanley Macklin . . . . . *Vice President—Sales*  
William H. Pope . . . . . *Vice President—Sales*  
Harold Rand . . . . . *Vice President & Secretary*  
Harold Moran . . . . . *Assistant Treasurer*  
P. B. Schenker . . . . . *Assistant Secretary*

## Auditors

Homes & Davis . . . . . *Certified Public Accountants, N.Y.C.*

## Transfer Agent and Registrar

Central National Bank of Cleveland, Cleveland 1, Ohio

## Stock Exchange Listings

American Stock Exchange . . . . . Midwest Stock Exchange

## Subsidiaries

### Domestic

Harriet Hubbard Ayer, Inc.	E. S. Miller Laboratories, Inc.
Marie Earle Corporation	Nestle-LeMur International, Inc.
Esta Medical Laboratories, Inc.	Ed Pinaud, Inc.
Parfums Lucien Lelong Corporation	Carroll Dunham Smith
Milkmaid, Inc.	Pharmaceutical Co.
	Smith, Miller & Patch, Inc.

### Foreign

BRAZIL	FRANCE
Lucien Lelong Perfumes S.A.	Parfums Lucien Lelong S.A.

### CANADA

The Nestle-LeMur Co., (Canada) Ltd.

### GREAT BRITAIN

John Bell, Hills & Lucas, Limited	Parfums de Lucien Lelong, Ltd.
Fassett & Johnson, Ltd.	Pinaud Limited
LeMur Limited	Smith, Miller & Patch, Limited

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## FINANCIAL HIGHLIGHTS

<b>Operations</b>	<b>1965</b>	<b>1964</b>
Sales . . . . .	\$20,888,661	\$20,872,842
Net Income Before Taxes . . . . .	1,872,092	1,835,165
Provision for Income Taxes . . . . .	828,914	824,780
Net Income . . . . .	1,043,178	1,010,385
Net Income Applicable to Common Stock	1,019,375	985,096
Per Common Share . . . . .	.60	.58
Dividends Paid on Common Stock . . . . .	336,230	336,556
Per Common Share . . . . .	.20	.20
Stock Dividend per Common Share . . . . .	—	5%
Net Income Retained in the Business . . . . .	683,145	648,540
Advertising and Promotion Expenses . . . . .	1,841,973	1,825,159
Laboratory Research and Control . . . . .	559,499	466,768
Depreciation and Amortization . . . . .	211,053	208,306
<b>Year-End Financial Position</b>		
Current Assets . . . . .	7,641,692	7,080,589
Current Liabilities . . . . .	1,820,869	1,850,152
Net Working Capital . . . . .	5,820,823	5,230,437
Current Ratio . . . . .	4.19 to 1	3.83 to 1
Common Shareholders' Equity . . . . .	7,223,351	6,523,420
Per Common Share . . . . .	4.29	3.88
Number of Shares Outstanding . . . . .	1,681,147	1,681,147

## SOURCE AND APPLICATION OF FUNDS

<b>Source of Funds:</b>	<b>1965</b>
Net Income . . . . .	\$ 1,043,178
Depreciation and Amortization . . . . .	211,053
	<u>1,254,231</u>

<b>Application of Funds:</b>	
Dividends Paid on Common Stock and Preferred Stock—Subsidiary	359,876
Net Additions to Fixed Assets . . . . .	138,523
Amortization of Long Term Debt . . . . .	162,077
Other Items—Net . . . . .	3,369
	<u>663,845</u>

<b>Increase in Working Capital</b>	<b>\$ 590,386</b>
------------------------------------	-------------------



# 1965

1964

1963

1962

## Operations for the Year

Net Sales . . . . .	<b>\$20,888,661</b>	\$20,872,842	\$20,227,008	\$19,446,71
Net Income Before Income Taxes . . . . .	<b>1,872,092</b>	1,835,165	2,052,220	2,002,54
Income Taxes . . . . .	<b>828,914</b>	824,780	979,687	970,96
Net Income Applicable to Common Stock	<b>1,019,375</b>	985,096	1,047,037	1,005,45

## Per Share

Depreciation . . . . .	<b>.12</b>	.12	.10	.0
Interest . . . . .	<b>.07</b>	.07	.05	.0
Net Income Applicable to Common Stock	<b>.60</b>	.58	.62	.5
Cash Dividends . . . . .	<b>.20</b>	.20	.19	.1
Earnings Reinvested . . . . .	<b>.40</b>	.38	.43	.4
Stock Dividends . . . . .	—	5%	—	.

## Financial Condition at Year End

Current Assets . . . . .	<b>7,641,692</b>	7,080,589	6,985,473	6,497,28
Current Liabilities . . . . .	<b>1,820,869</b>	1,850,152	2,000,722	1,758,46
Net Working Capital . . . . .	<b>5,820,823</b>	5,230,437	4,984,751	4,738,82
Current Ratio . . . . .	<b>4.19 to 1</b>	3.83 to 1	3.49 to 1	3.69 to
Property, Plant and Equipment—Net . . . . .	<b>2,104,396</b>	2,166,970	2,067,754	1,027,51
Other Assets and Intangibles . . . . .	<b>1,800,352</b>	1,815,967	1,264,653	1,225,44
Total . . . . .	<b>9,725,571</b>	9,213,374	8,317,158	6,991,78
Long-Term Debt . . . . .	<b>2,087,577</b>	2,249,654	1,904,667	1,187,50
Minority Interest . . . . .	<b>414,643</b>	440,300	445,747	457,15
Common Shareholders' Equity . . . . .	<b>7,223,351</b>	6,523,420	5,966,744	5,347,12
Book Value Per Common Share . . . . .	<b>4.29</b>	3.88	3.53	3.1
Number of Shares Outstanding . . . . .	<b>1,681,147</b>	1,681,147	1,688,465*	1,697,60

\*Adjusted to reflect stock dividends paid in 1964, 1961, 1960, 19

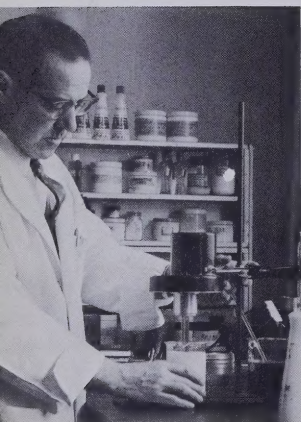
# Ten year summary



1961	1960	1959	1958	1957	1956
\$17,227,800	\$15,900,211	\$13,867,870	\$12,608,052	\$9,009,461	\$8,012,128
1,630,383	1,518,489	1,318,450	1,061,324	767,775	501,330
760,795	711,681	611,419	481,021	365,555	228,864
843,391	778,655	677,867	549,487	402,220	272,466
.10	.09	.10	.09	.06	.05
.05	.05	.04	.03	.01	.01
.49	.45	.41	.33	.26	.18
.17	.14	.14	.13	.08	.05
.32	.31	.27	.20	.18	.13
100%	5%	5%	—	5% & 50%	50%
5,945,113	5,885,559	4,523,173	3,511,826	2,344,506	2,030,372
1,538,805	1,490,227	1,937,449	1,154,092	875,995	725,006
4,406,308	4,395,332	2,585,724	2,357,734	1,468,511	1,305,366
3.86 to 1	3.94 to 1	2.33 to 1	3.04 to 1	2.68 to 1	2.80 to 1
1,100,361	1,137,127	1,194,117	1,267,685	539,528	440,096
1,091,804	662,858	653,624	650,745	54,772	60,799
6,598,473	6,195,316	4,433,465	4,276,164	2,062,811	1,806,261
1,312,500	1,437,500	751,725	1,021,189	85,000	125,000
458,199	489,673	511,755	540,485	—	—
4,827,774	4,268,143	3,169,985	2,714,490	1,977,811	1,681,261
2.82	2.50	1.91	1.64	1.29	1.10
1,710,561*	1,710,561*	1,658,061*	1,658,061*	1,527,783*	1,527,783*

and 1956.

## President's report to the shareholders



**SALES AND EARNINGS** Net sales amounted to \$20,888,661 in 1965 compared with \$20,872,842 in the previous year.

Total profits before taxes for the year amounted to \$1,872,092 compared with \$1,835,165 for 1964.

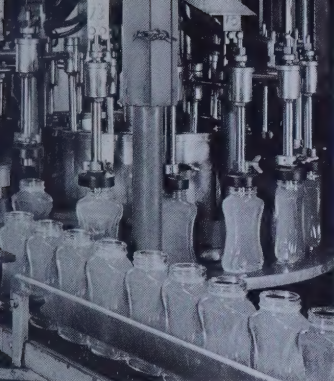
Net consolidated earnings applicable to common shares amounted to \$1,019,375 (\$.60) per share for the year 1965 compared with \$985,096 (\$.58) per share earned in 1964.

In keeping with practice of prior years, Canadian accounts have been consolidated but other foreign subsidiaries overseas are not included in this report.

**DIVIDENDS** Cash dividends paid during 1965 amounted to \$336,230 at the annual rate of \$.20 per share. The regular quarterly dividend of \$.05 per share was paid on March 15, 1966 to stockholders of record on March 1, 1966.

**FINANCIAL POSITION** The financial condition of our company was strong at December





31, 1965 with working capital of \$5,820,823 and a current ratio of 4.19 to 1. At the end of 1964, working capital amounted to \$5,230,437.

The balance of long-term debt, consisting of loans and mortgages, amounted to \$2,087,577 at December 31, 1965. Amortization payments during the year amounted to \$162,077. At the previous year-end, the long-term debt amounted to \$2,249,654.

**CAPITALIZATION** At present 2,000,000 shares of common stock are authorized. At December 31, 1965, 1,681,147 shares were issued and outstanding and 28,827 shares were issued and held in the treasury. Distribution of outstanding shares is national with investors numbering approximately 3,017.

Book value at December 31, 1965 amounted to \$4.29 per share compared with \$3.88 at the end of the previous year.

**OPERATIONS** Substantial increases in sales of pharmaceutical products and in exports benefited operations during the year.

Sales of toiletries in general were satisfactory. Of particular interest is the progress attained in the sale and distribution of men's toiletries. In the professional barber field, sales of Clubman products increased and a new series under the name of Napoleon is being introduced in 1966. In the retail field, Yu is being expanded to include men's products other than After Shave, and Wake-up is being repackaged with greater promotional activities. All of these men's preparations are marketed under the famous Pinaud tradename, and take advantage of opportunities afforded by the enormous increase in the demand and use of toiletries by men.

Our otherwise fine progress during the year, was offset by the decline in sales of hair sprays. This resulted from the de-emphasis of sales and promotion of items in this product category because profit opportunities have seriously declined. Intense competition exists in the field of hair sprays, and manufacturers, distributors and retailers in general have utilized promotion for sales without regard to profits. This does not serve the best interests of our

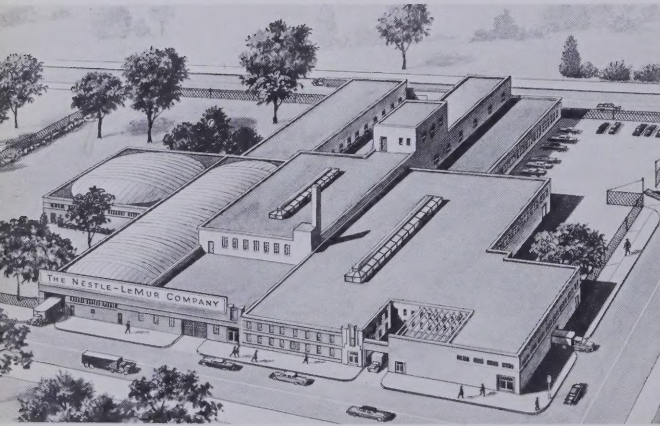


company and we have determined rather to concentrate in other product areas, more susceptible to sales with profit growth.

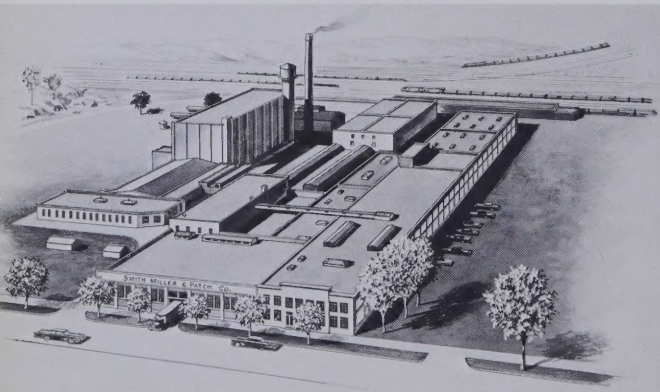
During the year, the pharmaceutical division expanded the sales force. In addition, general promotional and other marketing and distributional expenses increased. The decline in the sales of hair sprays limited the total sales increase and prevented the absorption of these additional expenses.

**GENERAL** The many outstanding tradenames of our company in the toiletry and pharmaceutical divisions provide the basis for continued research and product development for company growth. Both of these industries are expanding and management is confident of our company's progress in the future.

The devoted efforts of executives and employees are acknowledged with appreciation, as is the loyal support and cooperation of suppliers and shareholders.



Nestle Plant and Laboratories—Bronx, N.Y.



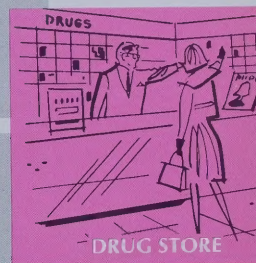
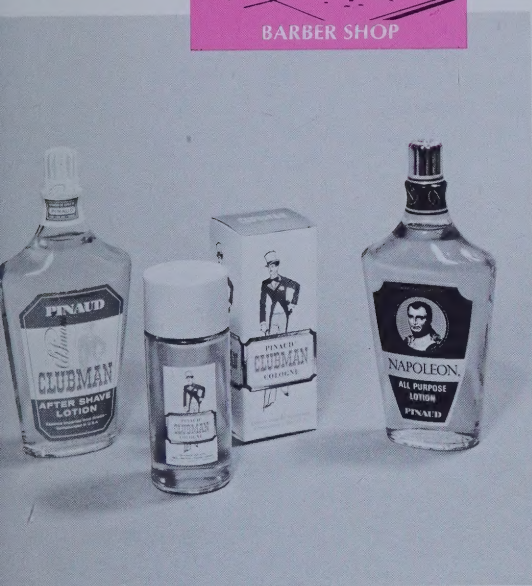
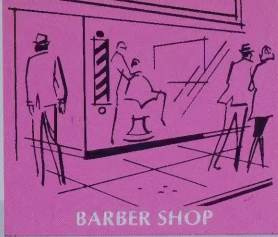
Smith, Miller and Patch Plant and Research Laboratories—New Brunswick, N.J.

*Joseph S. Lindemann*

President

New York, N.Y. April 1, 1966





**MEN'S TOILETRIES** The most dramatic development during 1965 in the Toilet Goods Industry was the great expansion of promotion and sales of men's toiletries. Early recognition of this trend resulted in the introduction of Clubman in 1963, followed recently by Napoleon, both distributed exclusively through barber shops. To cover the other retail channels, Wake-up was introduced in 1964, followed recently by Yu. All are Pinaud products, beautifully packaged and manufactured with essences imported from France, and additional to the regular line of Pinaud men's preparations famous since 1810. Seaforth was acquired in 1964, and offers a further opportunity to increase sales in this important segment of the Toilet Goods Industry.



**HAIR PREPARATIONS** Hair colorings by Nestle from rinses to permanent coloring have long been preferred by women throughout the world. The new permanent hair coloring, Nestle Colorhair Foam, was introduced during the year to complete the product range. Other popular Nestle products for hair care include setting lotions, hair sprays and shampoos. Marchand hair products are popular and feature Golden Hair Wash.

All of these hair color and hair care preparations are distributed largely through the mass volume outlets such as drug stores, variety stores, and the toiletry sections of supermarkets and general stores.





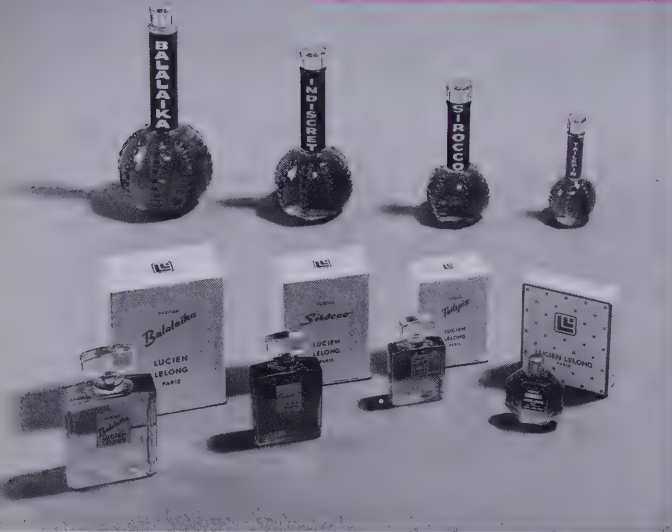


**TOILETRIES** Of great appeal to consumers nationally for generations, are the brands featuring moderate priced toiletries. Mavis and Djer-Kiss are famous for talcum powders, and the lines include dusting powders, sachets and colognes. Two new items, Mavis Spray Deodorant and Mavis Stick Deodorant are now being introduced. Both of these brands are widely distributed through the mass volume outlets.

Toiletries in the Blue Waltz and Irresistible brands are distributed through variety stores and include lipsticks, perfumes, colognes, and holiday gift sets.







**LUXURY COSMETICS & TOILETRIES** The luxury toiletry division is composed of four distinguished brands. Harriet Hubbard Ayer, Milkmaid, and Marie Earle are treatment lines consisting of skin creams, lotions and cosmetics. Lucien Lelong is a popular perfume line consisting of perfumes, toilet waters, and other fragrance products. These brands are distributed through department stores and drug stores.

The items in each brand are beautifully and distinctively packaged for consumer appeal, and each line has several specialties which are particularly favored by consumers and which are featured in promotional activities.



## INTERNATIONAL OPERATIONS

Overseas operations progressed satisfactorily during 1965, with significant sales increases in many foreign markets.

Global marketing strategy emphasizes the licensing of overseas manufacturers for the various product lines. It is pleasing to report the success of initial manufacturing programs for NESTLE hair preparations and for SEAFORTH and LELONG products, by licensees in a number of new markets. Exports of various NESTLE hair preparations and SEAFORTH and LELONG products continued to grow in 1965 in other world markets where local manufacturing is still not feasible. Shipments in export trade for all Divisions are now being made to more than 70 countries around the world.

In line with our efforts to expand consumer acceptance of company brand names, participation in International Trade Shows was arranged during the past year in cooperation with overseas distributors in Bahrain, Guatemala, Syria, Thailand and Puerto Rico. From modern shopping centers in Puerto Rico to remote shopping stalls in Malaysia, company trademarks have become synonymous with quality toiletries, resulting in a growing world-wide acceptance of the products distributed.



Plant, Offices, and Laboratories—London, England



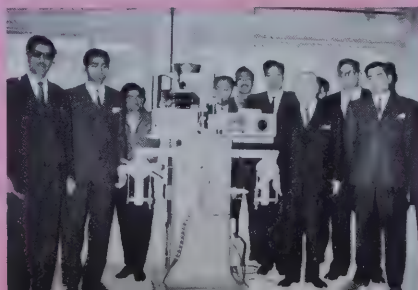
Plant, Offices, and Laboratories—Toronto, Canada



American Pavilion, International Trade Fair, Damascus, Syria



One of the delivery vans in San Juan, Puerto Rico



Our president visits at opening of new licensee's pharmaceutical plant in Lahore, Pakistan.









Research for mankind and medicine

## Smith, Miller & Patch Inc.

In 1965, Smith, Miller & Patch continued its vigorous program of research and aggressive marketing tactics with fruitful results.

The highly sophisticated marketing program developed over the past years has enabled SMP to make substantial inroads in highly competitive therapeutic markets, both in the U.S. and abroad during 1965. Utilization of advanced techniques in marketing, research and public relations has created a dynamic image and has resulted in greater physician awareness and acceptance of SMP products.

In the past year, the SMP film library has become one of the largest in the field of Ophthalmology and Otolaryngology. The library was formally dedicated as a living memorial to those physicians who have made important contributions to medical and surgical education through the medium of cinematography. An award of a bronze medalion has been established and is presented at the annual meeting of the American Academy of Ophthalmology and Otolaryngology. The Smith, Miller & Patch Memorial Film Library is the best used library in the U.S. Physician recognition of

this service has been rewarding.

As SMP medical and pharmaceutical research teams probed deeper into the mysteries surrounding many of mankind's ills, new and useful drugs have come to light.

These researchers have gone beyond the confines of the laboratory to advance their theories. Working closely with outstanding Medical Schools, Hospitals and Clinics through the nation, the medical department is engaged in the vital task of clinically testing on a large scale, each drug that shows promise in preliminary animal and pharmacological studies.

This diligent search has led into many diverse therapeutic areas, such as cardiovascular products, steroids, hypnotics, ophthalmic and otologic specialties. Work along these lines has progressed to the point where some of these drugs are awaiting FDA clearance.

At SMP, our strength is in the utilization of the company's greatest resource . . . ideas—as today's research becomes tomorrow's drugs.





## ASSETS

1965

December 31		1965	1964
<b>Current Assets</b>			
Cash . . . . .		\$ 669,465	\$ 656,496
Marketable Securities—at Cost (Which Approximates Market) and Accrued Interest . . . . .		504,686	206,419
Accounts and Notes Receivable (Net of Reserves) . . . . .		2,659,769	2,530,312
Prepaid and Deferred Charges . . . . .		202,582	217,645
Inventories (at Lower of Cost or Market) . . . . .		3,605,190	3,469,717
Total Current Assets . . . . .		<u>\$ 7,641,692</u>	<u>\$ 7,080,589</u>
<b>Investments, Other Assets and Intangibles</b>			
Investments In and Advances To Foreign Subsidiaries . . . . .		\$ 1,003,982	\$ 1,010,356
Cash Surrender Value of Life Insurance . . . . .		35,658	32,871
Other Non-Current Assets . . . . .		61,407	73,435
		<u>\$ 1,101,047</u>	<u>\$ 1,116,662</u>
Excess of Cost of Investment in Subsidiaries Over Underlying Book Value .		\$ 699,302	\$ 699,302
<b>Fixed Assets—at Cost:</b>			
Land, Buildings and Improvements . . . . .		\$ 2,150,649	\$ 2,136,428
Machinery and Equipment . . . . .		1,023,966	997,615
Furniture and Fixtures . . . . .		207,232	192,115
		<u>3,381,847</u>	<u>\$ 3,326,158</u>
Less: Accumulated Depreciation and Amortization . . . . .		1,277,451	1,159,188
		<u>\$ 2,104,396</u>	<u>\$ 2,166,970</u>
Goodwill . . . . .		3	3
		<u>\$11,546,440</u>	<u>\$11,063,526</u>
See Notes to Financial Statements			

Consolidated balance sheet



## LIABILITIES

### Current Liabilities

December 31

1965

1964

Accounts Payable . . . . .	\$ 495,341	\$ 538,612
Installments of Long-Term Debt, Due in 1966 (Note B) . . . . .	121,405	119,705
U.S. and Canadian Income Taxes . . . . .	559,166	547,867
Sundry Liabilities and Accrued Expenses . . . . .	644,957	643,968
Total Current Liabilities . . . . .	<u>\$ 1,820,869</u>	<u>\$ 1,850,152</u>

Long Term Debt (Note B) . . . . .	\$ 2,087,577	\$ 2,249,654
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### Minority Interest

Minority Interest in Subsidiary (Note C) . . . . .	\$ 414,643	\$ 440,300
--	------------	------------

### Common Stockholders' Equity

Common Stock, Par Value \$1.00 Per Share:

Authorized—2,000,000 Shares		
Issued —1,709,974 Shares . . . . .	\$ 1,709,974	\$ 1,709,974
Capital Surplus . . . . .	2,885,856	2,883,313
Retained Earnings . . . . .	2,963,214	2,265,826
	<u>\$ 7,559,044</u>	<u>\$ 6,859,113</u>
Less Cost of 28,827 Shares of Common Stock Held in Treasury . . . . .	335,693	335,693
Total Stockholders' Equity . . . . .	<u>\$ 7,223,351</u>	<u>\$ 6,523,420</u>

See Notes to Financial Statements

\$11,546,440      \$11,063,526



1965

Year ended December 31

1964

**Income**

Net Sales . . . . .	<b>\$20,888,661</b>	\$20,872,842
Cost of Sales . . . . .	<b>9,384,709</b>	9,836,458
Gross Profit on Sales . . . . .	<b>11,503,952</b>	11,036,384
Operating Expenses and Net Charges . . . . .	<b>9,631,860</b>	9,201,219
Net Income Before Taxes . . . . .	<b>1,872,092</b>	1,835,165
Provision for U.S. and Canadian Income Taxes . . . . .	<b>828,914</b>	824,780
	<b>1,043,178</b>	1,010,385
Income Applicable to Minority Interest in Subsidiary . . . . .	<b>157</b>	155
Net Income for Year . . . . .	<b>1,043,021</b>	1,010,230
Preferred Dividends—Subsidiary . . . . .	<b>23,646</b>	25,134
Net Income Applicable to Common Stock . . . . .	<b>\$ 1,019,375</b>	\$ 985,096

**Retained Earnings**

Balance—January 1 . . . . .	<b>\$2,265,826</b>	\$ 2,499,273
Add: Net Income After Preferred Dividends . . . . .	<b>1,019,375</b>	985,096
Other Adjustments—Net . . . . .	<b>14,243</b>	—
	<b>3,299,444</b>	3,484,369
Less: Cash Dividends Paid . . . . .	<b>336,230</b>	336,556
Stock Dividend—5% (including cash paid in lieu of fractional shares—\$6,210) . . . . .	<b>—</b>	865,432
Other Adjustments—Net . . . . .	<b>—</b>	16,555
	<b>336,230</b>	1,218,543
Balance—December 31 . . . . .	<b>\$2,963,214</b>	\$ 2,265,826

**Capital Surplus**

Balance—January 1 . . . . .	<b>\$2,883,313</b>	\$ 2,104,759
Add: Excess of Market Value Over Par Value of 5% Stock Dividend . . . . .	<b>—</b>	778,354
Excess of Par Value Over Cost of Investment in Preferred Stock of Subsidiary . . . . .	<b>2,543</b>	200
Balance—December 31 . . . . .	<b>\$2,885,856</b>	\$ 2,883,313

Cost of sales, operating expenses and net charges include depreciation and amortization of \$211,053 in 1965 and \$208,306 in 1964.

See Notes to Financial Statements

# Consolidated statement of income, retained earnings and capital surplus



## NOTES to Financial Statements

**A** The Consolidated Financial Statements include the accounts of The Nestle-LeMur Company and its domestic and Canadian subsidiaries.

The accounts of the Canadian subsidiaries have been included at appropriate rates of exchange.

**B** Long term debt and current maturities thereof at December 31, 1965 were as follows:

	Current	Long Term
5% unsecured Notes, due 1969; quarterly installments—\$28,125.	\$ 84,375	\$ 337,500
6% unsecured Notes, due 1980; quarterly installments commence 1970—\$25,000.		1,000,000
5¾% Mortgage Note, due 1978; quarterly installments including interest—\$12,031.	18,194	402,872
5% Mortgage Note, due 1977; quarterly installments including interest commence 1965—\$8,250.	14,246	270,567
6½% Mortgage Note, due 1973; monthly installments including interest \$1,089.	4,590	76,638
	<u>\$121,405</u>	<u>\$2,087,577</u>

The agreement covering the 5% and 6% unsecured notes contains certain restrictions on the payment of dividends, other than dividends payable in the Company's stock, and provisions for minimum working capital. At December 31, 1965 the unrestricted amount available for cash dividends was \$2,099,434 and working capital exceeded the minimum requirement by \$3,070,823.

**C** At December 31, 1965, The Nestle-LeMur Company held 99.83% of the Common Stock of Carroll Dunham Smith Pharmacal Company. Minority interest comprises the following:

Preferred Shares .....	\$389,325
Preferred Shares—1965 Dividend .....	23,646
Common Shares .....	<u>1,672</u>
	\$414,643

**D** The Nestle-LeMur Company is contingently liable, for a maximum of \$61,000.00, as guarantor to the Chase Manhattan Bank for advances made to an unconsolidated foreign subsidiary.

**E** The Financial Statements of the Company for the calendar year 1962 and subsequent years are subject to final determination of Federal Income Taxes.

## ACCOUNTANTS' REPORT

Board of Directors  
The Nestle-LeMur Company  
New York, New York

We have examined the consolidated balance sheet of The Nestle-LeMur Company and its wholly owned domestic subsidiary companies as at December 31, 1965 and the related consolidated statements of income, retained earnings and capital surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements as at December 31, 1965 of the wholly owned Canadian subsidiary companies were examined and reported on by Ernst & Ernst of Toronto, Canada. The reports of the aforementioned accountants were used by us for the purpose of consolidating the accounts of the Canadian subsidiaries with the accounts of the parent company.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income, retained earnings and capital surplus, together with notes to financial statements, present fairly the consolidated financial position of The Nestle-LeMur Company at December 31, 1965 and results of its consolidated operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HOMES & DAVIS  
Certified Public Accountants  
New York, N. Y. March 22, 1966



**BEAUTY AND HEALTH WORLDWIDE  
THE NESTLE-LEMUR COMPANY**

**BRANCHES AND PLANTS**

**United States**

Nestle Laboratories & Plant  
1041 Prospect Avenue, Bronx, N. Y.  
Ayer & Milkmaid Laboratories & Plant  
38-04 48th Street, Long Island City, N. Y.  
Pharmaceutical Laboratories & Plant  
401 Joyce Kilmer Avenue, New Brunswick, N. J.  
Warehouse  
1219 Intervale Avenue, Bronx, N. Y.  
West Coast Shipping Center  
404 East 27th Street, Los Angeles, Calif.

**Canada**

Offices, Laboratories & Plant  
980 Lawrence Avenue West, Toronto, Can.

**Great Britain**

General Offices, Laboratories & Plant  
Oxford Works, Worsley Bridge Road, London

**Brazil**

Offices, Laboratories & Plant  
Rue Hermes Fontes 170, Rio de Janeiro

**France**

Offices, Laboratories & Plant  
4, rue de Castellane, Paris